

# Fraud Investigation Unit Annual Report



# Table of Contents

Introduction	3
Task Force Participation	4
Fraud Reports	4
Fraud Investigations and Criminal Referrals	5
Outreach	10

## Introduction

The Michigan Department of Insurance and Financial Services (DIFS) is the executive agency responsible for regulating Michigan's insurance and financial services industries, including consumer finance companies, state-chartered banks and credit unions, insurance companies, and insurance agencies. The Fraud Investigation Unit (FIU) is a criminal justice agency within DIFS, comprised of sixteen full time employees. The FIU was established in September 2018 by Executive Order 2018-9 and then in June 2019, its existence was formally codified into state law through the enactment of Chapter 63 of the Michigan Insurance Code, MCL 500.6301-6304. The FIU is dedicated to the prevention of criminal and fraudulent activities in the insurance and financial services markets. The FIU is charged with the analysis and investigation of reports of suspected fraudulent activities in Michigan's insurance and financial services markets and coordination of DIFS' investigative efforts with other law enforcement agencies at the local, state, and federal levels.

Fraud perpetrated in the insurance and financial services industries affects everyone and costs Americans billions of dollars every year. Studies show that for every dollar of fraud, businesses incur \$2.92 in costs. Insurance fraud increases the cost of everything you buy and use. How? Consider the following scenario: Every company providing goods or services pays for insurance as a cost of doing business. As a result of insurance fraud, the insurance company must raise rates charged to consumers and businesses. To cover the increased cost of its insurance, Michigan businesses must charge consumers more for goods and services.

This Annual Report is prepared and published for the Michigan Legislature regarding the FIU's efforts to prevent automobile insurance fraud pursuant to Section 6303 of the Michigan Insurance Code, MCL 500.6303. This Annual Report summarizes the FIU's activities for the reporting period of July 1, 2022 to June 30, 2023 (Reporting Period).

## Task Force Participation

The FIU has continued its participation with the Michigan Insurance Fraud Taskforce (Taskforce) with staff from the Michigan State Police and the Department of Attorney General, with the goal of promoting coordination and cooperation in the investigation and prosecution of insurance fraud in Michigan. During the Reporting Period, the Taskforce met on October 24, 2022, and is next scheduled to meet on July 24, 2023.

In addition, the FIU represents DIFS as a member on the National Association of Insurance Commissioners' (NAIC) Antifraud Task Force. The Antifraud Task Force assists state insurance supervisory officials through the detection, monitoring, and appropriate referral for the investigation of insurance crimes, both by and against consumers. The Antifraud Task Force further assists the insurance regulatory community by conducting the following activities: 1) maintaining and improving electronic databases regarding fraudulent insurance activities; 2) disseminating the results of research and analysis of insurance fraud trends, as well as case-specific analysis, to the insurance regulatory community; and 3) providing a liaison function between state insurance regulators, law enforcement (federal, state, local, and international), and other specific antifraud organizations. During the Reporting Period, the FIU attended seven Antifraud Task Force meetings.

## Fraud Reports

The FIU receives fraud reports through the DIFS' online fraud report portal at [Michigan.gov/ReportFraud2DIFS](https://Michigan.gov/ReportFraud2DIFS). The FIU also accesses the NAIC's Online Fraud Reporting System (OFRS) to obtain Michigan insurance fraud reports. Fraud reports can also be submitted by using DIFS' toll-free number 877-999-6442 or by emailing the FIU at [DIFS-Antifraud@michigan.gov](mailto:DIFS-Antifraud@michigan.gov).

The FIU receives fraud reports from six primary sources:

- The general public,
- Consumer victims,
- Insurance companies,
- Financial service companies,
- Law enforcement agencies, and
- Other governmental agencies.

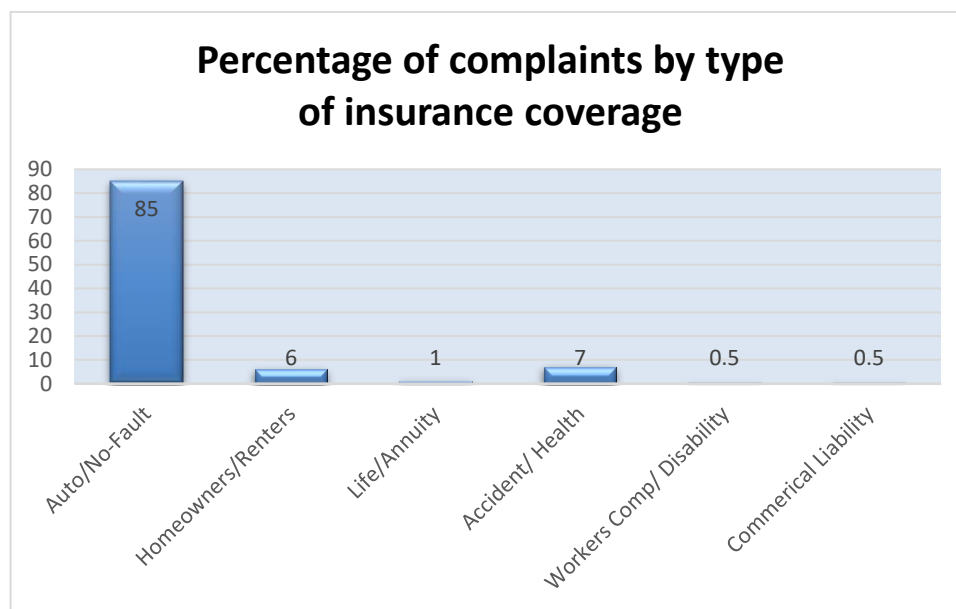
Each incoming report is carefully reviewed to determine if the information submitted is adequate for the FIU to initiate a criminal investigation.

The following statistics represent the work performed by the FIU staff from July 1, 2022 to June 30, 2023:

Fraud Reports received	3,546
Fraud Reports closed*	3,872
Investigations opened	65
Investigations closed for lack of evidence	43
Investigations closed through resolution/settlement	4

*\*The number of closed fraud reports includes those that were received during the prior reporting period and closed during the current reporting period.*

Though the FIU investigates criminal and fraudulent activities in the insurance and financial services markets, it receives fraud reports primarily related to insurance. In fact, over 99% of the fraud reports received by the FIU are related to insurance issues. The following chart shows the percentage breakdown of fraud reports received by type of insurance coverage involved.



Through its general outreach and educational efforts, the FIU continues to engage with the financial services industries in order to create additional awareness of the FIU's existence and the tools available to assist in investigating and combating fraud in the financial services industries.

## Fraud Investigations and Criminal Referrals

After completing an investigation, the FIU makes a formal referral for criminal prosecution to local law enforcement agencies, the Department of Attorney General, or federal law enforcement.

From July 1, 2022 to June 30, 2023, FIU investigations resulted in the following:

Cases referred to law enforcement	26
Cases closed with no charges	16
Cases still under prosecution review	23
Charges filed	13
Trials pending	12
Convictions*	11
Restitution ordered	\$501,897
Fines/costs ordered	\$7,650

*\*The number of convictions include cases that were initiated during a prior reporting period and finalized during the current reporting period.*

The FIU was involved as the primary investigating agency or assisted law enforcement in the investigation of the fraud reports summarized below. Some of these investigations and subsequent criminal referrals have resulted in criminal charges or convictions through trial or plea agreement.

During the Reporting Period, the FIU's dedicated efforts to investigate suspected fraudulent activities in the insurance and financial services markets resulted in 12 criminal convictions, with court-ordered restitution, fines, and costs in excess of \$500,000.

## Charges

- **Shelly Bailey** was charged on August 4, 2022 with one count of false pretenses, one count of insurance fraudulent acts, and one count of insurance false report for insurance claim.
- **Brittany Brown** was charged on August 10, 2022 with one count of false pretenses, one count license documents plates forgery, and one count of insurance fraud acts.
- **Laurie Litberg** was charged on January 12, 2023 with one count of health care fraud-false claim.
- **Cathy Rice** was charged on November 22, 2022 with one count false pretenses and one count of insurance fraudulent acts.
- **Ahmad Faraj** was charged on April 11, 2023 with one count of motor vehicle accident victim solicitation.
- **Auto insurance fraud scheme** – In April 2023, six individuals were charged with conducting a criminal enterprise and other related charges. See Press Release: [Six People Charged with Criminal Enterprise Targeting Accident Victims \(michigan.gov\)](#)
  - **Mohammad Ali Abraham** was charged on April 27, 2023, with three counts of false pretenses and one count of conducting a criminal enterprise.
  - **Michael Angelo** was charged on April 27, 2023, with four counts of false pretenses, four counts of conspiracy to commit false pretenses, six count of prescribing/dispensing schedule 2 controlled substances, one count of conducting a criminal enterprise, and 3 counts of insurance fraud.
  - **Hassan Fayad** was charged on April 27, 2023, with two counts of conspiracy to commit false pretenses and one count of conducting a criminal enterprise.
  - **Robert Presley** was charged on April 27, 2023, with two counts of delivery of schedule 2 controlled substance, one count of conducting a criminal enterprise, and two counts of insurance fraud.
  - **Thomas Quartz** was charged on April 27, 2023, with two counts of conspiracy to commit false pretenses and one count of conducting a criminal enterprise.



- **Chitra Sinha** was charged on April 27, 2023, with 3 counts of false pretenses, three counts of prescribing schedule 2 controlled substances, one count of conducting a criminal enterprise, and three count of insurance fraud.
- **Charles Walker** of Southfield was charged on May 23, 2023, in the 46th District Court of Oakland County and arraigned on one count of conducting a criminal enterprise, one count of embezzlement by an agent of \$20,000-\$50,000, and two counts of embezzlement by an agent of \$1,000-\$20,000.  
[AG Nessel Charges Oakland County Insurance Salesman with Conducting Criminal Enterprise, Embezzling from Commercial Clients \(michigan.gov\)](#)

## Convictions

- **Lorie Bevins** pled guilty on April 18, 2022, in the 48<sup>th</sup> Circuit Court to misdemeanor larceny by false pretenses and was sentenced to 12 months' probation and ordered to pay restitution of \$36,600 to Aflac Insurance and costs and fines of \$325. On November 7, 2022, the court received notification from Aflac that payment was received in full.  
[Plainwell Resident Sentenced in Insurance Fraud Prosecution \(michigan.gov\)](#)
- **Gerald Harris** pled guilty on September 15, 2022, to one count false pretense with an agreement to pay \$21,198 in restitution and \$2,000 in fines. Sentencing will be delayed with next hearing date set for August 11, 2023.
- **Ogemaw Chiropractic fraud scheme** - Convictions were obtained for the remaining two of 14 individuals charged in the Ogemaw Chiropractic fraud scheme involving over \$3 million of false injury claims to Aflac Insurance:
  - **Jeffrey Scott Kimball** pled guilty on November 2, 2022, in the 34<sup>th</sup> Circuit Court to larceny. He was sentenced on February 8, 2023, to pay \$20,425 in restitution and \$200 in fines.
  - **Katie Mae Quigley** pled guilty on January 4, 2023, in the 34<sup>th</sup> Circuit Court to insurance-fraudulent acts. She was sentenced on March 22, 2023, to 6 months' probation, and ordered to pay \$50,758 in restitution, as well as costs & fines.
- **Alicia Holbrook-Bloink** and her insurance agency, **Holbrook Insurance Agency, LLC**, pled guilty to multiple felonies, through the 44<sup>th</sup> Circuit Court, in December of 2021. On May 31, 2023, Holbrook-Bloink was sentenced to pay \$324,932 in restitution.  
[Howell Insurance Agent Sentenced for Embezzling \\$375,000 from Clients \(michigan.gov\)](#)
- **Brittany Brown** pled guilty on February 16, 2023, to one count of false pretenses, one count license plates-forgery, and one count of insurance fraudulent acts. Per a plea agreement and the terms of defendant's 11-month delayed sentence, Ms. Brown was ordered to pay \$30,763 in restitution. Ms. Brown's sentencing is scheduled for February 29, 2024.
- **Wildonte Deamues** pled guilty on March 1, 2023, in the 3<sup>rd</sup> Circuit Court to one count of false pretenses. He was also sentenced on March 1, 2023, to pay \$2,000 in restitution, a \$1,000 fine, 50 hours of community service, and one year probation.

- **Deangelo Hadley** pled guilty on March 22, 2023, in the 6<sup>th</sup> Circuit Court to one count of false pretenses. He was sentenced on April 26, 2023, to pay a \$1,000 fine and one year probation.
- **Cathy Gwynn** pled guilty on March 22, 2023, in the 6<sup>th</sup> Circuit Court to one count of false pretenses. She was sentenced on May 17, 2023, to one day jail with one day credit, along with cost and fines of \$1,125, and one year probation.
- **Jantell Zollicoffer** was charged on March 29, 2022, with one count of insurance fraud and one count of false report of a felony. On June 6, 2023, she pled guilty to disturbing the peace. She was sentenced to 18 months' probation and ordered to pay \$8,541 in restitution.

## Trials Pending

- **Laurie Litberg** was charged on January 12, 2023 with one count of health care fraud- false claim. Ms. Litberg's next court date is July 27, 2023.
- **Ahmed Faraj** was charged on April 11, 2023 with one count of motor vehicle- accident victim solicitation. A pre-trial conference is scheduled for July 19, 2023.
- **Patrick Nolan** was charged with one count of arson of an insured dwelling and one count of second-degree arson. Trial is pending.
- **Kelvin Perkins** was charged on March 8, 2022, with one count of insurance fraud and one count of false pretenses. A competency hearing was set for March 30, 2023, and Kelvin Perkins failed to appear. A bench warrant was issued.
- **Cathy Rice** was charged on November 22, 2022, with one count false pretenses and one count insurance fraudulent acts. A pre-trial conference is set for July 11, 2023.
- **Charles Walker** was charged on May 23, 2023, with one count of conducting a criminal enterprise, one count of embezzlement by an agent, and two counts of embezzlement by an agent. Mr. Walker's probable cause conference is scheduled for August 2, 2023.
- **Auto insurance fraud scheme** – In April 2023, six individuals were charged with conducting a criminal enterprise and other related charges. A probable cause conference is scheduled for July 26, 2023 for the following individuals:
  - Mohammad Ali Abraham
  - Michael Angelo
  - Hassan Fayad
  - Robert Presley
  - Thomas Quartz
  - Chitra Sinha

**Six People Charged with Criminal Enterprise Targeting Accident Victims ([michigan.gov](#))**



## Resolutions

- **A Lansing woman** made a claim against a pet insurance policy on May 24, 2022 in the amount of \$994.71 indicating that her dog was seen by an Okemos animal clinic. That claim was proven false during the FIU investigation and the woman agreed to pay restitution of \$994.71 to Nationwide Insurance on February 1, 2023.
- **A Dimondale woman** submitted 26 claims to Aflac, beginning January 24, 2019, for herself and other family members and there were no actual treatments. Restitution of \$8,240 to Aflac was paid on April 16, 2023.
- **Michigan's Choice Tree Service, LLC.** – Following the May 2022 tornado that struck in Gaylord, Michigan, seven victims came forward with concerns related to a tree service company, including allegations of overcharging insurance companies, and misrepresenting the way the company works with insurers. The DIFS FIU combined efforts with the Department of Attorney General to investigate this matter, which resulted in the issuance of an Assurance of Voluntary Compliance and Discontinuance Order granting restitution and fines as follows:
  - Three consumers who had liens placed on their homes received \$500 each.
  - Four consumers who had liens placed on their homes received \$250 each.
  - One of the consumers who made a payment of \$4,250 was reimbursed the full amount of \$4,250.
  - State of Michigan received \$2,500 as compensation of expenses associated with this investigation.

[AG Nessel Investigating West Michigan Tree Company for Allegedly Violating Michigan Consumer Protection Act \(michigan.gov\)](#)

## **Outreach**

DIFS has continued its outreach efforts to increase public awareness that fraud is not a victimless crime and that those who engage in fraud can face criminal penalties. The Department has also worked to better inform Michigan residents and businesses regarding the assistance the FIU can provide in investigating fraudulent activities in the insurance and financial services markets.

During this reporting period, the FIU staff has strengthened the relationship with the National Insurance Crime Bureau (NICB). FIU staff meet with NICB staff on a weekly basis for information sharing and training. The FIU staff also meet with members of the Michigan Chapter of the International Association of Special Investigation Units (Mi-IASIU) on a bi-monthly basis for information sharing and discussions on insurance fraud trends. The FIU recently partnered with the Healthcare Fraud Prevention Partnership (HFPP) to work together on efforts to take a proactive approach to combat healthcare fraud, waste, and abuse.

FIU staff participated in numerous outreach activities, such as attending the Auto Theft Prevention Authority Conference, attending the Mi-IASIU fall training conference, and attending the national IASIU training conference. FIU investigators regularly attend monthly law enforcement fraud meetings across the state where they discuss the ability of the FIU to assist law enforcement and prosecuting authorities with insurance and financial fraud issues. FIU investigators also use these meetings to stay abreast of the latest fraud trends and schemes.

Through press releases, consumer town halls, and public service announcements, DIFS continued its efforts to create public awareness that insurance and financial services fraud affects everyone through higher insurance premiums and costs for financial services products.

### **Media Outreach**

DIFS' Office of Communications issued 12 press releases related to fraud and the FIU's activities to raise public awareness about preventing and reporting fraud.

### **Catalytic Converter Etching Event**

DIFS partnered with the NICB, the Lansing Police Department, and Shaheen Chevrolet in Lansing to offer motorists a free catalytic converter etching event on October 1, 2022, to help combat theft. Nearly 40 vehicles' catalytic converters were etched, and the event attracted media attention, raising awareness of the risks of catalytic converter theft and ways to prevent it.

### **Auto Insurance Fraud Ring**

In April 2023, DIFS partnered with the Department of Attorney General to announce charges against six individuals for conducting a criminal enterprise and other related charges. As part of the announcement, the Departments released a video featuring Attorney General Dana Nessel and DIFS Director Anita Fox, which included information about the importance of reporting suspected insurance fraud, and the video has received more than 1,100 views.

### **State of Michigan On-Hold Messages**

During the reporting period, DIFS partnered with the Department of Technology, Management & Budget to include information about reporting suspected fraud through the state of Michigan's on-hold recording system. Callers to the State of Michigan who are placed on hold were played the recording throughout the state.